




**STATE OF ALABAMA
STATE BANKING DEPARTMENT**



July 2, 2003

**MEMORANDUM – PROPERTY ACQUIRED FOR FUTURE
EXPANSION & BRANCH APPLICATION POLICIES**

TO: Chief Executive Officers of All Alabama State-Chartered Banks

FROM: Anthony Humphries 
Superintendent of Banks

SUBJECT: Property Acquired for Future Expansion and Branch Applications

This memorandum supersedes the Policy Memorandum of May 19, 2003 which addressed branch applications. This memorandum is issued to provide further clarification of department policy regarding property acquired for future expansion.

Property Acquired for Future Expansion

Effective this date, letter notification is required within 10 days after the acquisition of property to be held for future expansion. Property acquired for future expansion includes property where construction on bank premises will not begin for an indeterminate time or where the bank has purchased the property as a site for possible future bank premises. Purchases of real estate for purposes other than bank premises must be approved in advance by the Superintendent.

The letter notification should state the street address (or best location description if no street address) of the property, the purchase price, and full details of any insider¹ involvement in or benefit received or to be received from the acquisition of the property. Notice only is required for such acquisitions, and our previous policy of allowing banks five years after the property's acquisition to begin construction of bank premises remains in place. The Superintendent, however, reserves the right to object to such acquisitions and demand divestiture in the event of earnings problems resulting in a troubled condition or in the event of improper insider involvement.

¹ Insiders include: Anyone employed by the bank or an affiliate of the bank, any director of the bank or an affiliate of the bank; any individual, firm; or company providing professional services to the bank or an affiliate including audit, legal, loan review, or appraisal services; and any relative or related interest of the bank's or affiliate's director, employee, or professional service provider.

Branch Applications

Effective this date, letter notification will be required of all Alabama state-chartered banks wishing to establish a new branch office. This letter notification should state the street address, city, county, and state where the proposed branch will be located, and full details of any insider involvement in or benefit received or to be received from the establishment of the branch including its acquisition, construction, equipping, furnishing, leasing, or ownership.

The notification should be made before construction begins on the new branch location. If the bank does not receive a notice of objection from the Superintendent of Banks within 10 calendar days from the date of receipt of the notification by the State Banking Department, establishment of the branch may commence. If the Superintendent does object, he or she may require such additional information as is deemed appropriate. If such request(s) for additional information is made, operations of the branch may not begin until the bank receives the Superintendent's written approval. Such written approval may be conditional. If conditions are imposed, acceptance of the conditions by the bank's board of directors may be required prior to the opening of the branch.

Upon the opening of the branch, the bank must, within 30 days of the branch opening, provide a letter notifying the Superintendent of the exact date on which the branch opened.